

PART B: MANAGEMENT AND CORPORATE GOVERNANCE

16. DIRECTORS AND MANAGEMENT

16.1 Directors

Details of the current Directors of Blue Label Telecoms are set out below:

Name	Business address	Occupation/function	Term of office
Laurence Michael Nestadt	21 West Street Houghton	Chairperson (Non-Executive)*	Not fixed (rotation every three years)
Brett Marlon Levy	75 Grayston Drive Sandton	Joint Chief Executive Officer	Fixed
Mark Steven Levy	75 Grayston Drive Sandton	Joint Chief Executive Officer	Fixed
Mark Vivian Pamensky	75 Grayston Drive Sandton	Chief Operating Officer	Fixed
David Bryan Rivkind	75 Grayston Drive Sandton	Chief Financial Officer	Fixed
Sidney Ellerrine	51 West Street Houghton	Director (Non-Executive)	Not fixed (rotation every three years)
Gary David Harlow	6 Cowie Road Forest Town Johannesburg	Director (Non-Executive)*	Not fixed (rotation every three years)
Reitumetse Jackie Huntley	1 Scott Street Rutherford Estate 1st Floor, Building A Unit A1, Waverley	Director (Non-Executive)*	Not fixed (rotation every three years)
Neil Norman Lazarus	55 Morsim Road Hyde Park	Director (Non-Executive)*	Not fixed (rotation every three years)
Joe Mthimunye	Ground Floor, Block C Grinaker LTA Park 204 Rivonia Road Morningside	Director (Non-Executive)	Not fixed (rotation every three years)
Herbert Cedrick Theledi	Unit 103, 1st Floor 122 Pybus Road Sandton	Director (Non-Executive)	Not fixed (rotation every three years)
Lucy ("Pani") Mamage Tyalimpi	PIC Building Glenfield Office Park Corner Oberon/ Glenwood Road Faerie Glen Pretoria	Director (Non-Executive)*	Not fixed (rotation every three years)

* Independent directors

The Board comprises 4 executive directors and 8 non-executive directors. All Non-Executive Directors have been appointed on a rotational basis, and are obliged to retire and are eligible for re-election by Blue Label Telecoms Shareholders at least once every three years in accordance with the Articles of Association. All the Directors are citizens of South Africa.

The profiles of the Directors are set out below:

Laurence Michael Nestadt (“Larry”) – Chairman (57)

Larry has experienced a long and successful corporate career, both in South Africa and internationally. Larry is a co-founder and former executive director of Investec Bank Limited. He assisted in the creation and strategic development of a number of listed companies such as Capital Alliance Holdings Limited, Super Group Limited, Hosken Consolidated Investments Limited, SIB Holdings Limited and Global Capital Limited. In addition to having served as past chairman on the boards of these aforementioned companies, he is currently the executive chairman of Global Capital (Proprietary) Limited. Larry has also served on the board of directors of Softline Limited, JCI Limited and Abacus Technologies Holdings Limited. Larry was a former director of the board on a number of non-listed companies, both internationally and locally; namely Stenham Limited (UK) and Prefsure Life Limited (AUS), the Pro Shop Group, Melrose Nissan, SellDirect Marketing (Proprietary) Limited, BCE Foodservice Equipment (Proprietary) Limited and Placo Holdings (Proprietary) Limited. Larry is a respected member of the South African business community and it is anticipated that his strategic vision and experience will contribute significantly to the Board.

Brett Marlon Levy – Chief Executive Officer (32)

Brett has an impressive entrepreneurial history. Having founded and operated a number of small businesses from the early 1990's, he has been involved in a wide spectrum of industries ranging from the distribution of fast-moving consumer goods to electronic insurance replacement. His achievements have seen him secure a number of prestigious awards, including the ABSA Bank Jewish Entrepreneur of the Year Award (2003) and more recently, the ABSA Jewish Business Achiever Non-Listed Company Award (2007), which he won jointly with his brother and business partner Mark Levy. Brett has been nominated, with his brother, as an Ernst & Young World Entrepreneur SA Finalist for 2007.

Mark Steven Levy – Chief Executive Officer (36), B.Compt (UNISA)

Mark graduated with a B.Compt degree from UNISA in 1993. After taking up a position as a commodity trader, Mark pursued his goal of becoming an entrepreneur in earnest. Beginning in the electronic goods and IT sector, the Blue Label Group's interests now span two continents. Recently, together with his brother Brett, Mark won the ABSA Jewish Business Achiever Non-Listed Company Award (2007). Mark has spent the last several years spearheading the Blue Label Group's impressive growth through technology, development, and international expansion, all the while remaining committed to local social upliftment and investment. Mark has been nominated, with his brother, as an Ernst & Young World Entrepreneur SA Finalist for 2007.

Mark Vivian Pamensky – Chief Operating Officer (35), CA(SA), B.Com. (WITS), B.Compt (Hons) (UNISA)

Mark completed his articles with PriceWaterhouseCoopers before moving to the corporate finance department of Mercantile Bank. In 1999 he joined a boutique corporate advisory firm, Nucleus Corporate Finance. Mark joined BLI in 2001 and currently serves as Chief Executive Officer of TPC. Mark has played an integral role in the strategic and operational management of the Blue Label Group and much of its telecommunications footprint can be attributed to his leadership. Mark is a member of the South African Institute of Chartered Accountants (SAICA) and the Young Presidents Organisation (YPO).

David Bryan Rivkind – Chief Financial Officer (35), CA(SA), B.Acc (UNISA)

David commenced articles at Papilsky Hurwitz (CA). In 1999 David joined Merrill Lynch International (UK) as a financial controller and was also employed by Credit Suisse for a brief period. David returned to South Africa in 2002 and was offered the position of Financial Director at Integr8IT (Proprietary) Limited. He was shortly thereafter appointed Chief Financial Officer for BLI where he contributed significantly to the rapid growth of the Blue Label Group. David is a member of SAICA.

Sidney Ellerine – Non-Executive Director (71)

Sidney served on the board of directors for Ellerine Holdings Limited until his retirement. He is now actively involved in the running of his family business, Ellerine Bros. (Proprietary) Limited, a company involved in private equity and the real estate industry.

Herbert Cedrick Theledi – Non-Executive Director (43), B.Com. (UNIN), H.Dip Ed (WITS)

Herbert matriculated from Thembeka High School in 1984. He later obtained a BCom degree from the University of the North. He currently serves as managing director and chairperson of Nthwese. Herbert holds shares and directorships in various multi-faceted businesses operating in the property, warehousing, logistics, motor dealership and distribution industries. Herbert serves in several business and community forums in the country.

Neil Norman Lazarus – Non-Executive Director (49), BA.LLB (WITS)

Neil graduated from the University of the Witwatersrand in 1981 with a BA, LLB degree. After completing his articles, he was admitted as an attorney and as advocate in 1984. He was appointed as senior counsel by President Nelson Mandela in 1998 where he served as an acting judge. As an advocate, Neil specialised in corporate restructures, mergers and acquisitions and was involved in significant corporate reorganisations both locally and internationally. Upon leaving the profession in 2000 he acted as a corporate finance and strategic legal advisor in a number of local and international transactions. He advises the board of directors of a number of listed and non-listed companies on strategic, legal and corporate finance matters. Neil has served on the boards of directors of a number of public and significant non-listed companies. He is currently the chairman of a public company.

Reitumetse Jackie Huntley – Non-Executive Director (45) B.Proc, LLB (WITS)

Jackie is a practicing attorney with the law firm Mkhabela Huntley Adekeye Incorporated. She obtained her B.Proc and LLB degrees from the University of Witwatersrand and her Management Advance Programme (MAP) at Wits Business School. Jackie joined Gold Fields of South Africa Limited as a legal advisor in the commercial law department. She subsequently joined Nedcor Bank Limited, where she spent four years.

Jackie has extensive experience in commercial and corporate law, including telecommunications law. She also worked extensively with issues pertaining to low cost housing and advised both the Department of Housing and various other institutions in the housing sector on housing policy issues and their legal aspects. Jackie was recently appointed to the board of Telkom.

Gary David Harlow – Non-Executive Director (49), CA(SA), B.Bus.Sci (Hons) (UCT)

Gary matriculated in 1975 from the South African College School in Cape Town. After graduating from the University of Cape Town in 1979, he qualified as a Chartered Accountant (SA) in 1982, an Associate of the Chartered Institute of Management Accountants (UK) in 1983 and as a Fellow Chartered Management Accountant (UK) in 1996. After forging a career in merchant banking, Gary was appointed financial advisor to the African National Congress in the early 1990's. In 1992, he played an instrumental role in the creation of Thebe Investment Corporation and also served as Chief Executive Officer of Msele Corporate and Merchant Bank, South Africa's first black-controlled merchant bank. Gary was appointed Group Chief Executive Officer of Unihold Limited in 1996, where he led the transformation from an engineering conglomerate holding company to an international IT and telecommunications focused group. Subsequent to leading a management buy-out, Unihold de-listed from the JSE. Gary has served on numerous private and public company boards, including three listed banking groups.

Joe Mthimunye – Non-Executive Director (42), CA(SA), B.Com (Zululand), B.Compt Hons/CTA (UNISA)

Joe Mthimunye qualified as a Chartered Accountant in 1993. After working for KPMG, he joined Nampak Limited in the capacity of group accountant. In 1996, he co-founded Gobodo Incorporated, an accounting practice with eight other partners and it became the biggest black accounting firm in South Africa at the time. In 1999, he led a management buy-out of Gobodo Corporate Finance from the accounting firm and re-branded it as aloeCap (Proprietary) Limited. He currently serves as the executive chairman of aloeCap. He also serves on the board of directors of non-listed companies where aloeCap Private Equity is invested.

Joe has been a member of the Independent Regulatory Board of Accountants Education Committee from 2001 until 2007. He is a member of various professional bodies including the Securities Regulation Panel and SAICA.

Lucy (“Pani”) Manage Tyalimpi – Non-Executive Director (45), B.Comm (Hons) (UNISA), MBL (UNISA School of Business Leadership), Diploma in Investment and Portfolio Analysis

Pani is the head of the Isibaya Fund, the private equity arm of the Public Investment Corporation. The assets in the fund are earmarked for the assistance in structuring Black Economic Empowerment transactions, infrastructure development as well as socially responsible investments. The size and the purpose of the assets in the fund make it a key player in the private equity space. Prior to working at the Public Investment Corporation, Pani worked for several financial institutions, including African Harvest Capital and ABN Amro, where she was employed in corporate advisory services. Pani also spent five years at the Development Bank of South Africa, where she worked in the Project Finance Unit. She currently serves on the board of directors of a number of companies and investment committees. Pani brings extensive market and investment knowledge to the Board.

16.2 Key management

In addition to the Directors of Blue Label Telecoms the following individuals are key members of the senior management of the Blue Label Group:

Sean Kaplan – Managing Director: The Prepaid Company

Sean is a founding member of TPC. He is responsible for assisting in the day to day operation of TPC. Sean's particular expertise is in respect of the distribution of cellular starter packs and airtime into TPC's various retailers. He is also responsible for maintaining key customer relationships and assists in personnel management within TPC as well as the management of customer and suppliers and general operational management. Sean assists in the identification of strategic opportunities for TPC.

Dean Suntup – Financial Director: The Prepaid Company – B.Comm (Wits) Hons (UNISA), CA(SA)

Dean completed his articles with PricewaterhouseCoopers where he assisted in the audits of various large corporations and multi-nationals. After qualifying as a chartered accountant he remained on as an assistant manager at PricewaterhouseCoopers for a number of months until he joined BSC Technologies (Proprietary) Limited, a business that was established by the Levy brothers. He assumed the position of financial director of BSC Technologies (Proprietary) Limited from August 2003 to March 2005 until he was transferred to TPC where he assumed the position of financial director. Dean has been instrumental in overseeing the growth of TPC, including the successful integration of the businesses that TPC has acquired in that time.

Dr David Fraser – Director: Blue Label One – MSC (Eng), PHD (Physics)

David is a professional engineer by trade and has a considerable amount of local and international business experience in wireless telecommunications, broadcasting IT business and associated technologies. David established a number of successful companies including a telecoms and broadcasting consulting services company, as well as a scientific consultancy firm. David has assisted in the establishment and growth of several European and USA-based companies. David became involved at Sentech in South Africa with the development of the country's first public broadband 3G wireless data network and joined Blue Label Group in 2005. Together with Dr Angelo Roussos, David is responsible for the development of an integrated single back-office core technology solution for the Blue Label Group, as well as being involved in the conceptualisation and implementation of cutting edge mobile, media and transactional technologies for development by the Group.

Dr Angelo Roussos – Director: Blue Label One, BSC (Lab. Med), MBCHB

Angelo became interested in high-speed networking and supercomputing while pursuing a postgraduate medical degree, collaborating on the NSFNet, a precursor to the modern Internet. In 1990, he established one of the first companies in South Africa to provide e-mail services, and later the second SA business to provide commercial Internet services. Together with his partners, he created one of the largest Internet Service Providers in South Africa. In 1998, Angelo left medicine to focus full-time on IP-networking and he formed InfoSat, which was the second company in the world to offer DVB/IP services via satellite. Sentech, the largest signal distributor in Africa, acquired a majority stake in InfoSat. From July 2002 to October 2003, Angelo guided Sentech as Group Executive: Multimedia Services and was responsible for the technology selection, business strategy and business management of the multimedia business. Apart from his extensive IP-based telecoms experience, Angelo has engaged in strategic, policy and regulatory representations to the SA government & regulator. Together with Dr David Fraser, Angelo is responsible for ensuring that the Blue Label Group remains ahead of the market through the development of new and innovative technology solutions.

Braam Smit – Managing Director: Kwikpay – BA, LLB (University of Stellenbosch), B.Comm, PGDA (UCT), CA(SA)

Braam obtained experience in the legal profession after completing his degree and was admitted as an advocate. He then pursued a degree in accounting and qualified as a chartered accountant after completing articles with Ernst & Young. He was employed with Ernst & Young in the United States of America and returned to South Africa in 2004. He then joined Kwikpay as financial director where he was later promoted to the position of managing director, where he has been responsible for assisting the business to meet its strategic goals and objectives.

Panagiotis (Pedro) Christofides – Chief Operating Officer: Matragon – B.Comm, B.Compt (UNISA)

After completing his accounting articles at Combanis and Associates, Pedro moved into the business world, where he began his career as the owner and manager of eleven retail outlets in the food and beverage industry. In 1998 Pedro founded Comm Express, which quickly grew into a leading distributor of prepaid airtime. Pedro is the chief executive officer of Matragon, the holding company of Comm Express. Pedro is responsible for the management, co-ordination and business activities of Matragon and its subsidiaries. He oversees the cellular, research and development, manufacturing and media and events management divisions of Comm Express.

Richard Smuts-Steyn – Managing Director: Ventury – MBA (University of Wales)

Richard has experience in varied industries including media, telecoms, banking services and information technology. He has working experience in these industries both locally as well as spending a period of 3 years on the Isle of Mann. Richard was instrumental in growing Ventury into a significant distributor of prepaid airtime and associated products. He has overseen the formation of subsidiaries within Ventury and has also been responsible for a number of acquisitions by the company.

Bradley Turkington – Head of international strategy: Blue Label Telecoms – B.Comm Finance (Hons)

After completing his post graduate degree in finance, Bradley became a director of a London based wholesaler. Bradley returned to South Africa and with the broad base of international relationships he had established became involved at the inception of cellular telephony in South Africa. Bradley served on the local board of a NASDAQ listed company, which was partially responsible for bringing prepaid to South Africa. He joined a subsidiary of Matragon as a consultant in March 2006, to expand their international business, and has recently taken on the formulation and growth of the Blue Label Group's international strategy.

Gustav Vermaas – Chief Operating Officer: Activi Technology Services – B.Comm, CIMA(UK)

Gustav qualified as a Chartered Management Accountant in 1995. He joined the Blue Label Group in March 2005 to pioneer the concept of a separate field support company for the group. Activi Technology Services was established in March 2007, whose mission it is to provide, maintain and support the technology that facilitates the financial transactions in the Group.

His 19 years of experience is focussed on solving business problems by integrating technology, business processes and people interventions. He was the co-founder of IQ Commerce in 1999, the CEO of Nashua Connect and a member of the International Exco of The IQ Business Group. He started his career with Anglo American Limited and then joined Total for a nine year career in the petroleum industry.

Rob Noel – Strategic Executive: TPC – MBA (Bond), Diploma in Marketing (IMM)

Rob has focussed his career on e-commerce, secure electronic payment and Internet related technologies over the past eleven years. He has held leadership positions at Q Data Consulting, M-Web Business Solutions, and Prism TranSwitch Services (EasyPay). Rob has worked in various roles driving large projects, sales and business development and new product development in the secure electronic payment, switching and value-added services business. In May 2005, Rob joined the Blue Label Group as strategic executive for TPC. This required the use of Rob's skills and experience in managing deployment of electronic services such as secure electronic payment processing, bill payment, EFT debit and credit, Prepaid Airtime, Prepaid Electricity, Stored Value, Private Label Cards, Electronic Gift Vouchers, Subscription Services and Insurance Replacement Cards. The role involves providing input to the strategies of the Blue Label Group while leading and co-ordinating TPC senior management, in order to develop the range and scope of products and services offered by the Group to their customers.

Greg Schultz – Chief Executive Officer: APS

Greg is the founder and Group Chief Executive Officer of APS. Greg's professional career began in wholesale where he developed his managerial skills through the operation of existing stores and the establishment of new stores in the cash and carry sector. His participation in the cash and carry industry naturally led to his involvement in cellular products and gave Greg the scope to introduce cellular management tools and virtual strategies into the cash and carry environment. Greg then established two successful prepaid airtime distribution companies called FutureCell and FutureLoad, the last of which was bought by TPC. It was at TPC that the idea for an African strategy, embracing cellular, took shape which led to the formation of APS in 2005. Presently, Greg serves in the capacity of Group Chief Executive Officer, and operations are currently in Mozambique and the Democratic Republic of Congo.

17. APPOINTMENT, QUALIFICATION, REMUNERATION AND BORROWING POWERS OF DIRECTORS

- 17.1** The relevant provisions of the Articles of Association of Blue Label Telecoms relating to the qualification, remuneration, borrowing powers and appointment of the Directors are set out in Annexure 15 of this Pre-listing Statement.
- 17.2** Set out in Annexure 16 to this Pre-listing Statement are extracts of the relevant provisions of the Articles of Association of the operating subsidiary companies of the Blue Label Group regarding:
- the qualification, remuneration, terms of office and appointment of the directors of the subsidiaries; and
 - the borrowing powers exercisable by the directors of the subsidiaries.
- 17.3** None of the Directors or key members of the senior management team (as identified in paragraph 16) have ever:
- been convicted of an offence resulting from dishonesty, fraud or embezzlement;
 - been adjudged bankrupt or sequestered in any jurisdiction;
 - at any time assigned their estate, suspended payment or compounded with their creditors;
 - been found guilty in disciplinary proceedings, by an employer or regulatory body, due to dishonest activities;
 - been barred from entry into any profession or occupation; and
 - been convicted in any jurisdiction of any criminal offence, or an offence under legislation relating to the Act.
- 17.4** The borrowing powers of the Directors have not been exceeded in the preceding three year period prior to the date of this Pre-Listing Statement.

17.5 Remuneration of the Directors

The total remuneration and benefits paid and payable to the executive and non-executive Directors of Blue Label Telecoms by the Blue Label Group for the year ended 31 May 2007 is set out below:

	Executive	Non-executive (R'million)	Total
Basic salaries	18.20	–	18.20
Travel allowance	0.93	–	0.93
Bonuses	3.07	–	3.07
Fringe benefits (medical aid and motor vehicle)	0.31	–	0.31
Provident fund contributions	1.09	–	1.09
Additional management bonus ⁽¹⁾	13.96	–	13.96
Directors fees	–	0.045	0.045
Consulting and legal fees	–	1.25	1.25
Total	37.56	1.295	38.855

⁽¹⁾ The additional management bonus will no longer be payable in terms of the Management Bonus Settlement Agreement. Please refer to paragraph 20.1 for the terms of this agreement.

18. DIRECTORS' INTERESTS IN THE SHARE CAPITAL OF BLUE LABEL TELECOMS

The Directors of Blue Label Telecoms will directly or indirectly hold the following number of Blue Label Telecoms Shares:

Before the Private Placing and after the Restructuring:

Name	Direct		Indirect		Total*	% of issued share capital
	beneficial	non-beneficial	beneficial	non-beneficial		
Mark Steven Levy	91 833 432				91 833 432	15.75
Brett Marlon Levy	87 537 977				87 537 977	15.01
Sidney Ellerine			17 510 400		17 510 400	3.00
Mark Vivian Pamensky			6 793 533		6 793 533	1.17
Gary David Harlow			3 146 231		3 146 231	0.54
Neil Norman Lazarus	7 865 578				7 865 578	1.35
Joe Mthimunye			1 050 472		1 050 472	0.18
Herbert Cedrick Theledi			46 708 528		46 708 528	8.01
Laurence Michael Nestadt			7 865 578		7 865 578	1.35
Reitumetse Jackie Huntley			3 126 407		3 126 407	0.54
Total	187 236 987		86 201 149		273 438 136	46.90

* Based on 583 127 787 shares in issue.

After the Private Placing

Name	Direct		Indirect		Total*	% of issued share capital
	beneficial	non-beneficial	beneficial	non-beneficial		
Mark Steven Levy	78 157 614				78 157 614	10.52
Brett Marlon Levy	77 642 159				77 642 159	10.45
Sidney Ellerine			17 510 400		17 510 400	2.35
Mark Vivian Pamensky			6 646 165		6 646 165	0.89
Gary David Harlow			3 072 547		3 072 547	0.41
Neil Norman Lazarus	7 681 368				7 681 368	1.03
Joe Mthimunye			758 390		758 390	0.10
Herbert Cedrick Theledi			33 721 295		33 721 295	4.54
Laurence Michael Nestadt			7 681 368		7 681 368	1.03
Reitumetse Jackie Huntley			2 257 114		2 257 114	0.30
Total	163 481 141		71 647 279		235 128 420	31.62

* Based on 743 127 787 shares in issue.

There is a Further Allotment Option given to the Bookrunner, as described in paragraph 61 of this Pre-Listing Statement. The additional shares offered by Mark Steven Levy, Brett Marlon Levy, Nthwese, Selwyn Roy Diamond, Sean Kaplan and the Marapa Trust for the further allotment are excluded from their restraint to sell Blue Label Telecoms Shares in terms of paragraph 19.

There have been no changes in the interests of the Directors in the share capital of Blue Label Telecoms since 31 May 2007, other than that mentioned in this Pre-Listing Statement.

There were no payments made to a person or to a company, in which the directors have a beneficial interest, in cash or shares to induce a person to become, or to qualify as a director.

Brett Marlon Levy has funded the acquisition of Blue Label Telecoms shares on behalf of Blue Label Telecoms employees to the value of R50 million in terms of the Preferential Placement. These shares will be held by a nominee company for the benefit of employees. R14 million of these shares have been allocated for the benefit of David Bryan Rivkind.

19. MANAGEMENT LOCK-IN

It is the intention of Brett Marlon Levy and Mark Steven Levy to sell approximately R130 414 907 in value of Blue Label Telecoms Shares in the Private Placing, as part of the Offer for Sale (a maximum of 22 680 853) Blue Label Telecoms Shares, based on the minimum price in the Private Placing Price range). The sale is in order to allow the two Shareholders to crystallise a portion of their investment in the Company as well as to obtain cash to settle third party funding.

Brett Marlon Levy and Mark Steven Levy, together with the other Blue Label Telecoms executive directors and senior managers who are Blue Label Telecoms Shareholders, will not be allowed to sell, unless prior approval has been received from the board, any additional Blue Label Telecoms Shares for a period of 12 months after the Listing, after which they will be entitled to dispose of 1/12th of their shares per month for the next 12 months. Lock-in agreements were signed by Blue Label Telecoms executive directors and senior managers in terms of the Restructuring Agreements. Subsequent to this period the executive directors and senior management will be free to trade in their Blue Label Telecoms Shares. Non-Executive Directors of Blue Label Telecoms, who hold Blue Label Telecoms Shares, will not be bound by the lock-in.

Vendors, as identified in Annexure 18, who receive Blue Label Telecoms shares as part of the Restructuring, will not be allowed to sell, unless prior approval has been received from the Board, the Blue Label Telecoms shares for a period of 12 months after the Listing, after which they will be entitled to dispose of 1/12th of their shares per month for the next 12 months.

Key management in the Blue Label Group will sign service agreements for a period of three years in terms of the Restructuring.

Nthwese has agreed in terms of the BLI Share Sale Agreement to sell R217 323 177.68 in value of Blue Label Telecoms Shares in the Private Placing, as part of the Offer for Sale (a maximum of 37 795 335 Blue Label Telecoms Shares, based on the minimum price in the Private Placing Price Range) and to sell an additional R36 888 889 in value of Blue Label Telecoms Shares as part of the Further Allotment Option (a maximum of 6 415 458 Blue Label Telecoms Shares, based on the minimum price in the Private Placing Price Range), in order to repay a portion of its funding liability incurred in terms of BLI's initial BEE transaction in terms of which Nthwese acquired its shareholding in BLI. Nthwese has agreed in terms of the BLI Share Sale Agreement not to sell, unless prior approval has been received from the Board, any additional Blue Label Telecoms Shares for a period of 12 months after the Listing, after which they will be entitled to dispose of 1/12th of their shares per month for the next 12 months.

20. DIRECTORS' INTERESTS IN CONTRACTS

Director's interests in Blue Label Group properties are disclosed in paragraph 65.

The nature and extent of Directors' interests in contracts concluded by the Blue Label Group during the current or immediately preceding financial year includes:

20.1 Management Bonus Settlement Agreement

In terms of a contract entered into between TPC and Brett Marlon Levy ("Brett") in 2002, Brett was entitled to receive, on an annual basis, an amount equal to 10% of the net profit before tax of TPC, for the particular financial year, to be shared between him and the management of TPC (which included Mark Steven Levy), at his discretion. In anticipation of the Listing, TPC entered into the Management Bonus Settlement Agreement with Brett and Mark to terminate this contract in order that it may be replaced with a bonus arrangement, benchmarked against industry standards. As compensation for the termination of this agreement TPC will pay Brett and Mark Steven Levy an amount in aggregate of R80 million. This amount will be utilised to purchase Blue Label Telecoms Shares in full and final settlement of all claims which Brett and the TPC management team may have against TPC, arising out of the cancellation of the bonus contract.

The settlement amount to be paid was arrived at by external independent remuneration consultants, who calculated the difference between the present value of the anticipated payments that Brett and Mark would receive under the bonus contract with TPC and the present value of the anticipated amounts he would receive under a standard bonus structure.

20.2 Purchase of BLI's interests in the Leopard Trust

BLI is the vested beneficiary of the Leopard Trust, which in turn owns shares in Newshelf 772 (Proprietary) Limited ("Newshelf 772"). Newshelf 772 owns interests in a structure which purchased a bundle of shares in Telkom. BLI has transferred its vested interests of 7.5% in the shares in Newshelf 772 to Mark Steven Levy and Brett Marlon Levy, in equal portions, against payment by them of the amount of R45 million. The value of BLI's interest in the Leopard Trust was arrived at by an independent valuator. The BLI group also held an additional

7.5% of the interests in the Leopard Trust on behalf of a third party, as the third parties nominee. This interest was also transferred to Mark Steven Levy and Brett Marlon Levy pursuant to an agreement between them and the third party.

20.3 Termination of the Otter Mist Trading CC (“Otter Mist”) consulting agreement

TPC and Otter Mist entered into a commission agreement in terms of which a commission fee was paid by TPC to Otter Mist as consideration for assisting in securing a key contract for TPC. TPC terminated this agreement in 2007, and a once-off cancellation payment of R9 million by BLI to Otter Mist was made. This cancellation payment was paid in cash.

Herbert Cedrick Theledi is a member of Otter Mist. No other Director has an interest in Otter Mist.

20.4 Sale and Purchase agreements in terms of the Restructuring

The Directors of Blue Label Telecoms have various interests in the sale and purchase agreements entered into in terms of the Restructuring. Please refer to Annexure 17 to this Pre-Listing Statement for a detailed description of all the sale and purchase agreements entered into in terms of the Restructuring.

21. CORPORATE GOVERNANCE

The Directors endorse, and accept full responsibility for the application of the principles necessary to ensure that effective corporate governance is practiced consistently throughout the Blue Label Group. In discharging this responsibility, the intention is to achieve compliance in all material respects with the King Code in both letter and spirit. The Blue Label Group’s approach to corporate governance strives to be stakeholder inclusive, based on good communication and integrated into every aspect of the Group’s business.

The Directors have pro-actively taken steps to ensure that all the elements required to make the Blue Label Group materially compliant with the recommendations incorporated in the King Code have been implemented. The Board is of the opinion that Blue Label Telecoms materially complies with the King Code except in the following respects:

- The Blue Label Group does not currently have an internal audit department; and
- The audit committee is chaired by a non-executive director who is not independent, having rendered consulting services to the Blue Label Group.

21.1 Chairperson and Chief Executive Officer

The Board is chaired by Laurence Michael Nestadt, an independent non-executive Director. The chairperson is responsible for providing leadership to the Board, overseeing its efficient operation and has been tasked with ensuring effective corporate governance practices.

The Joint-Chief Executive Officers are Brett Marlon Levy and Mark Steven Levy. They are responsible for formulating, implementing and maintaining the strategic direction of the Blue Label Group, as well as ensuring that the day-to-day affairs of the Blue Label Group are appropriately supervised and controlled.

21.2 Board

The Board comprises 4 executive Directors and 8 non-executive Directors, 5 of whom are independent.

The Board’s responsibilities include providing the Blue Label Group with clear strategic direction, ensuring that there is adequate succession planning at senior levels, overseeing operational performance and management, determining policies and processes which seek to ensure the integrity of the Blue Label Group’s risk management and internal controls, implementing and maintaining the Group’s communication policy and overseeing Director selection, orientation and evaluation.

The Board will retain full and effective control over the business of the Blue Label Group. The Board has defined levels of materiality through a written delegation of authority, which sets out decisions the Board wishes to reserve for itself. The delegation will be regularly reviewed and monitored.

Non-executive Directors will bring an independent view to the Board’s decision making. As a group, they will enjoy significant influence at the meetings.

The executive Directors have fixed terms of appointment and all the non-executive Directors are subject, by rotation, to retirement and re-election by Blue Label Telecoms Shareholders at least every three years, in accordance with Articles of Association.

Generally, Directors have been and will be nominated based on their calibre, credibility, knowledge, experience, impact they are expected to have and time and attention they can devote to the role. The remuneration and nomination committee is responsible for vetting the individuals proposed for directorship and making recommendations to the full Board for approval. Before nomination, appropriate background checks are performed on proposed new Directors. New Directors are taken through a formal induction programme and are provided with all the necessary background information to familiarise them with issues affecting the Board.

The Board intends to meet at least four times a year with additional meetings called if necessary or desirable. Information relevant to a meeting is supplied on a timely basis to the Board ensuring Directors can make reasoned decisions. The Directors have unrestricted access to information and management in relation to the Blue Label Group, and where appropriate, may seek the advice of independent professionals on matters concerning the affairs of the Blue Label Group, at the expense of the Company.

21.3 Independence of the Board

The Board's independence from the team responsible for the daily management of Blue Label Telecoms will be maintained by:

- keeping separate the roles of the chairperson and the chief executive officer;
- functioning board committees comprised mainly of non-executive Directors;
- the non-executive Directors not holding fixed-term service contracts;
- all Directors, with prior permission of the Board, being entitled to seek independent professional advice on the affairs of Blue Label Telecoms at the Company's expense;
- all Directors having access to the advice and services of the company secretary; and
- the appointment or dismissal of the company secretary being decided by the Board as a whole and not by one individual Director.

21.4 Board committees

The responsibilities delegated to board committees are formally documented in terms of reference for each committee, which have been approved by the Board and will be reviewed annually. It is intended that the effectiveness of the committees will be reviewed annually by the Board, based on a self evaluation done by each committee of the degree to which they have fulfilled their terms of reference.

21.5 Audit committee

The audit and risk management committee is chaired by Joe Mthimunye, a non-executive Director. The committee consists of 3 non-executive Directors, 2 of whom are independent. The current members are:

- Joe Mthimunye (*Chairperson*);
- Gary David Harlow; and
- Lucy Manage Tyalimpi.

It is intended that the committee will meet at least four times a year and is responsible for assisting the board in fulfilling its responsibilities in respect of financial reporting issues, internal and external audit management, ensuring compliance with laws and regulations, risk management and development/maintenance of an effective internal control system.

Committee members have unrestricted access to information and management of Blue Label Telecoms and, where appropriate, may seek the advice of independent professionals on matters concerning the affairs of Blue Label Telecoms, at the expense of the Company.

The audit committee sets the principles for recommending the use of the external auditors for non-audit purposes, which include:

- tax services, including advice on tax planning and transfer pricing issues;
- corporate restructuring;

- merger and acquisition advice; and
- training.

21.6 Remuneration and nomination committee

The remuneration and nomination committee is chaired by Neil Lazarus, a non-executive Director. The committee consists of 4 non-executive Directors 3 of whom are independent. The current members are:

- Neil Lazarus (*Chairperson*)
- Gary Harlow
- Jackie Huntley
- Sidney Ellerin

The committee will meet at least twice a year and is responsible for assisting the Board in fulfilling its responsibilities in respect of maintaining an appropriate remuneration strategy, ensuring the Directors and senior executives are fairly rewarded, providing for succession planning, assessing the effectiveness of the composition of the Board and evaluating the Board and individual Director's performances.

The remuneration strategy is aimed at ensuring that levels of remuneration are sufficient to attract, retain and motivate executives and, where appropriate, aimed at aligning the executives' interests with that of Blue Label Telecoms' Shareholders. Consequently, an element of the strategy is aimed at ensuring that the performance-related elements of the executive's remuneration should constitute a growing portion of total remuneration. The current remuneration package has two elements: a market-related base pay and incentive pay comprising an annual cash bonus. A portion of the remuneration package shall be subject to certain pre-defined performance targets being met.

In setting and approving remuneration levels and structures, the committee makes comparisons to remuneration paid by other companies in the same industry or similar industries, taking into account differing levels of responsibility, performance and complexity. The committee also gets advice from specialist remuneration consultants as and when needed and considers remuneration levels for other executives and staff in the Blue Label Group.

It is the intention of Blue Label Telecoms to add an additional element to the remuneration package, namely, a Blue Label Telecoms employee share incentive Scheme, which will be subject to certain pre-defined performance targets being met. Blue Label Telecoms will implement this share scheme subsequent to the Listing.

21.7 Share dealing

Subsequent to the Listing, the Board will implement an insider trading policy, in terms of which closed periods will apply. During any closed period, the Directors, officers and defined employees may not deal in the shares of Blue Label Telecoms.

Directors are required to obtain written clearance from the chairperson of the Board before dealing in Blue Label Telecoms Shares.

In terms of the Listings Requirements, any share dealings by Directors are required to be published immediately on SENS. A register of share dealings by Directors will be maintained by the company secretary and reviewed by the Board on a quarterly basis.

21.8 Company secretary

The company secretary acts as advisor to the Board and plays a pivotal role in ensuring compliance with statutory regulations and the Code, the induction of new Directors, tabling information on relevant regulatory and legislative changes, and giving guidance to the Directors regarding their duties and responsibilities. The Directors have unlimited access to the advice and services of the company secretary.

21.9 Stakeholder communication

In all communications with stakeholders, the Board aims to present a balanced and understandable assessment of the Blue Label Group's position. This is done through adhering to principles of openness and substance over form and striving to address material matters of significant interest and concern to all stakeholders.

The Board will encourage shareholder attendance at general meetings and where appropriate provides full and understandable explanations of the effects of resolutions to be proposed.

Communication with institutional shareholders and investment analysts will be maintained through periodic presentations of financial results, one-on-one visits, trading statements and press announcements of interim and final results, as well as the pro-active dissemination of any messages considered relevant to investors.

21.10 Environment

Blue Label Telecoms recognises that its activities have an impact on the environment. Blue Label Telecoms has adopted a strategy that strives to minimise this impact by regularly reviewing its activities and compliance with all relevant legislation.

21.11 Employment equity

Blue Label Telecoms has a clearly defined employment equity strategy aimed at realising the potential of previously disadvantaged people in South Africa.

Blue Label Telecoms has complied in most of the material aspects with the South African legislative requirements on employment equity and has implemented employment equity plans, as detailed in paragraph 14 headed "Black Economic Empowerment".